

Company No.

716122	P
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ASIAN FINANCE BANK BERHAD

UNAUDITED BALANCE SHEET AS AT 31 MARCH 2009

	<u>Note</u>	<u>31.03.2009</u> RM	<u>31.12.2008</u> RM
ASSETS			
Cash and short-term funds	2	1,101,351,653	1,430,697,127
Deposits and placements with banks and other financial institutions	3	30,000,000	-
Securities available-for-sale	4	65,019,673	61,461,157
Securities held-to-maturity	5	17,876,680	16,875,260
Financing and advances	6	297,826,020	249,827,727
Other assets	7	6,497,851	39,097,494
Deferred tax assets		8,840,295	9,756,257
Property, plant and equipment		5,485,746	5,349,243
Intangible assets		10,992,737	11,561,849
TOTAL ASSETS		<u>1,543,890,655</u>	<u>1,824,626,114</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from customers	8	860,896,869	968,107,036
Deposits and placements of banks and other financial institutions	9	353,657,685	524,640,155
Other liabilities	10	7,399,265	7,837,469
		<u>1,221,953,819</u>	<u>1,500,584,660</u>
Ordinary share capital		355,020,010	355,020,010
Available-for-sale reserve		(6,736,185)	(6,929,150)
Accumulated losses		(26,346,989)	(24,049,406)
Shareholders' equity		<u>321,936,836</u>	<u>324,041,454</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>1,543,890,655</u>	<u>1,824,626,114</u>
COMMITMENTS AND CONTINGENCIES	15	<u>214,432,571</u>	<u>178,333,000</u>
Capital Ratios			
Core capital ratio	17	96.97%	92.13%
Risk-weighted capital ratio	17	99.57%	94.41%

ASIAN FINANCE BANK BERHAD

(Incorporated in Malaysia)

UNAUDITED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2009

		Period Ended 31.03.09	Period Ended 31.03.08
	<u>Note</u>	RM	RM
Income derived from investment of depositors' funds	11	8,553,538	8,334,627
Income derived from investment of shareholders' funds	12	5,009,517	4,639,242
Allowance for losses on financing and advances	13	(613,000)	(1,167,000)
Total distributable income		<u>12,950,055</u>	<u>11,806,869</u>
Income attributable to the depositors	14	(6,780,831)	(7,435,478)
Total net income		<u>6,169,224</u>	<u>4,371,391</u>
Personnel expenses		(4,377,848)	(3,237,355)
Other overheads and expenditures		(4,359,104)	(3,278,470)
Loss before taxation		<u>(2,567,728)</u>	<u>(2,144,434)</u>
Taxation		270,145	440,000
Net loss for the financial year		<u>(2,297,583)</u>	<u>(1,704,434)</u>

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UNAUDITED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 31 MARCH 2009

	Share Capital RM	Accumulated Losses RM	AFS Reserve RM	Total RM
<u>31.03.2009</u>				
Balance as at 1.1.2009	355,020,010	(24,049,406)	(6,929,150)	324,041,454
Unrealised net gain on revaluation of				
securities available-for-sale	-	-	1,379,072	1,379,072
Deferred taxation	-	-	(1,186,107)	(1,186,107)
Net loss for the financial year	-	(2,297,583)	-	(2,297,583)
Balance as at 31.03.2009	<u>355,020,010</u>	<u>(26,346,989)</u>	<u>(6,736,185)</u>	<u>321,936,836</u>
<u>31.12.2008</u>				
Balance as at 1.1.2008	355,020,010	(8,296,296)	(239,253)	346,484,461
Unrealised net loss on revaluation of				
securities available-for-sale	-	-	(10,032,124)	(10,032,124)
Deferred taxation	-	-	3,342,227	3,342,227
Net loss for the financial year	-	(15,753,110)	-	(15,753,110)
Balance as at 31.12.2008	<u>355,020,010</u>	<u>(24,049,406)</u>	<u>(6,929,150)</u>	<u>324,041,454</u>

ASIAN FINANCE BANK BERHAD
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UNAUDITED CASHFLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2009

	<u>Note</u>	<u>31.03.2009</u> RM	<u>31.12.2008</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation for the period/financial year		(2,567,728)	(20,528,865)
Adjustments for:			
Depreciation of property, plant and equipment		399,714	1,461,215
Amortisation of intangible assets		716,134	2,135,888
Property, plant and equipment written off		-	38,616
Unrealised loss / (gain) from revaluation of securities available for sale		(2,182,079)	(3,013,640)
Unrealised loss / (gain) from revaluation of securities held-to-maturity		(885,727)	1,289,260
Accretion of discount less amortisation of premium		(113,057)	(58,963)
Allowance for losses on financing and advances		613,000	7,410,060
Operating loss before working capital changes		<u>(4,019,743)</u>	<u>(11,266,429)</u>
Decrease/(increase) in operating assets:			
Deposits and placements with financial institutions		(30,000,000)	100,000,000
Financing and advances		(48,611,293)	(166,448,599)
Other assets		32,599,643	(34,181,046)
Increase/(decrease) in operating liabilities:			
Deposits from customers		(107,210,167)	139,407,465
Deposits and placements of banks and other financial institutions		(170,982,470)	455,832,972
Other liabilities		(438,203)	(975,233)
Cash generated from operating activities		<u>(328,662,233)</u>	482,369,130
Taxation paid		-	-
Zakat paid		-	-
Net cash generated from operating activities		<u>(328,662,233)</u>	<u>482,369,130</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(683,241)	(5,936,591)
Purchase of securities available-for-sale		-	(35,728,747)
Purchase of securities held-to-maturity		-	(18,122,101)
Net cash used in investing activities		<u>(683,241)</u>	<u>(59,787,439)</u>
ANALYSIS OF CASH AND CASH EQUIVALENT			
Net increase in cash and cash equivalents		(329,345,474)	422,581,691
Cash and cash equivalent at beginning of period/financial year		<u>1,430,697,127</u>	<u>1,008,115,436</u>
Cash and cash equivalent carried forward	2	<u>1,101,351,653</u>	<u>1,430,697,127</u>

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NOTES TO FINANCIAL STATEMENTS
FOR QUARTER ENDED 31 MARCH 2009

-PART A – EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS (BNM GP8-I) ISSUED BY BANK NEGARA MALAYSIA

1. GENERAL INFO

a) Performance Review

The Bank registered a loss before Zakat and tax of RM2.6m for the period ended 31st March 2009.

The Bank's gross financing and advances stood at RM308.4m whilst total Deposit RM1,214.6m.

b) Prospect for 2009

The Bank continues to pursue its mission to lead the world to islamic finance amidst the global financial crisis.

2. CASH AND SHORT-TERM FUNDS

	<u>31.03.2009</u>	<u>31.12.2008</u>
	RM	RM
Cash and balances with banks and other financial institutions	1,101,334,352	8,477,127
Money at call and deposit placements maturing within one month	17,301	1,422,220,000
	<u>1,101,351,653</u>	<u>1,430,697,127</u>

3. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>31.03.2009</u>	<u>31.12.2008</u>
	RM	RM
Bank Negara Malaysia	30,000,000	-

4. SECURITIES AVAILABLE-FOR-SALE

	<u>31.03.2009</u>	<u>31.12.2008</u>
	RM	RM
<u>At fair value</u>		
<u>Unquoted securities in Malaysia</u>		
Private and Islamic debt securities	19,970,284	20,662,901
<u>Unquoted securities outside Malaysia</u>		
Foreign corporate debt securities held	45,049,389	40,798,256
	<u>65,019,673</u>	<u>61,461,157</u>

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5. SECURITIES HELD-TO-MATURITY

	<u>31.03.2009</u>	<u>31.12.2008</u>
	RM	RM
<u>Unquoted securities inside and outside Malaysia</u>		
Foreign corporate debt securities held	17,876,680	16,875,260
	17,876,680	16,875,260

6. FINANCING AND ADVANCES

(i) By type

	<u>31.03.2009</u>	<u>31.12.2008</u>
	RM	RM
Term financing		
- housing financing	15,892,747	14,910,042
- syndicated term financing	121,760,226	104,620,793
- other term financing	232,774,571	197,858,502
Trust receipts	15,874,912	2,002,323
Staff financing	770,034	618,877
Others	19,991,748	43,227,129
	407,064,238	363,237,666
Less: Unearned income	(98,699,376)	(103,484,097)
Gross financing and advances	308,364,862	259,753,569
Less : Allowance for bad and doubtful financing:		
- general	(8,578,782)	(7,965,782)
- specific	(1,960,060)	(1,960,060)
Net financing and advances	297,826,020	249,827,727

(ii) By type of customer

Domestic business enterprises		
- Others	205,751,778	167,674,549
Individuals	11,188,896	11,766,652
Foreign entities	91,424,188	80,312,368
	308,364,862	259,753,569

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6. FINANCING AND ADVANCES (CONTINUED)

(iii) Financing and advances analysed by contract are as follows:

	<u>31.03.2009</u>	<u>31.12.2008</u>
	RM	RM
Tawarruq	150,661,841	136,676,541
Al-Ijarah	55,089,845	46,069,975
Istisna	102,538,263	76,903,410
Qardhul Hassan	74,913	103,643
	308,364,862	259,753,569

(iv) By profit rate sensitivity

Fixed rate		
- Other fixed rate financing	46,563,949	80,075,366
Variable rate		
-Others	261,726,000	179,574,560
Non-profit sensitive		
-Others	74,913	103,643
	308,364,862	259,753,569

(v) By purpose

Purchase of landed property:		
- Residential	20,597,925	18,590,000
- Non-residential	17,195,789	8,962,365
Working Capital	245,368,419	207,393,689
Personal Use	749,591	820,800
Purchase of transport vehicles	22,450,815	21,984,394
Others	2,002,323	2,002,321
	308,364,862	259,753,569

(vi) Movement in allowance for bad and doubtful financing

General allowance		
Balance brought forward	7,965,782	2,515,782
Allowance made during the year	613,000	5,450,000
Balance carried forward	8,578,782	7,965,782
As % of gross financing and advances less specific allowance	2.80%	3.09%
Specific allowance	1,960,060	1,960,060

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6. FINANCING AND ADVANCES (CONTINUED)

	<u>31.03.2009</u>	<u>31.12.2008</u>
	RM	RM
(vii) Movement in non performing financing and advances		
At 1 January	2,002,321	-
Classified as non-performing	-	2,002,321
	<u>2,002,321</u>	<u>2,002,321</u>
Less: Specific allowance	<u>(1,960,060)</u>	<u>(1,960,060)</u>
Net non-performing financing and advances	<u>42,261</u>	<u>42,261</u>
Ratio of net non-performing financing and advances to total net financing and advances	<u>0.01 %</u>	<u>0.02%</u>
(viii) Non-performing financing by purpose		
Others	<u>2,002,321</u>	<u>2,002,321</u>

7. OTHER ASSETS

	<u>31.03.2009</u>	<u>31.12.2008</u>
	RM	RM
Other debtors, deposits and prepayments	5,264,503	1,917,269
Income receivable from placements and securities	1,233,348	37,180,225
	<u>6,497,851</u>	<u>39,097,494</u>

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8. DEPOSITS FROM CUSTOMERS

	<u>31.03.2009</u>	<u>31.12.2008</u>
	RM	RM
<u>Non-Mudharabah Funds:</u>		
Demand deposits	17,780,619	24,561,297
Savings deposits	118,219	85,281
	<u>17,898,838</u>	<u>24,646,578</u>
<u>Mudharabah Funds:</u>		
Savings deposits	937,426	741,656
General investment deposits	89,570,349	45,197,458
Special investment deposits	752,490,256	897,521,344
Total deposits	<u>860,896,869</u>	<u>968,107,036</u>

(i) The deposits are sourced from the following classes of customers:

Business enterprises	835,455,663	954,682,738
Individuals	25,441,206	13,424,298
	<u>860,896,869</u>	<u>968,107,036</u>

9. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>31.03.2009</u>	<u>31.12.2008</u>
	RM	RM
<u>Non-Mudharabah Funds:</u>		
Licensed Islamic banks	231,059,111	133,441,644
Other financial institutions	59,426	48,620
<u>Mudharabah Fund:</u>		
Licensed Islamic banks	-	15,000,000
Other financial institutions	122,539,148	376,149,891
	<u>353,657,685</u>	<u>524,640,155</u>

10. OTHER LIABILITIES

	<u>31.03.2009</u>	<u>31.12.2008</u>
	RM	RM
Income payable	1,726,557	2,007,715
Sundry creditors	5,464,133	5,665,331
Other provisions and accrual	208,575	164,423
	<u>7,399,265</u>	<u>7,837,469</u>

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FOR QUARTER ENDED 31 MARCH 2009-PART A – EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC
BANKS (BNM GP8-I) ISSUED BY BANK NEGARA MALAYSIA

11. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

Income derived from investment of depositors' funds are as follows:

	Period Ended 31.03.2009	Period Ended
	RM	31.03.2008
		RM
Income derived from investment of:-		
(i) General investment deposit	467,756	330,906
(ii) Other deposits	8,085,782	8,003,721
	8,553,538	8,334,627

(i) Income derived from investment of general investment deposits

Finance income and hibah:

Financing and advances	170,759	55,562
Securities available-for-sale	12,409	15,960
Securities held-to-maturity	5,646	-
Money at call and deposit with financial institutions	273,733	259,192
	462,547	330,714
Amortisation of premium less accretion of discount	5,209	193
	467,756	330,906

(ii) Income derived from investment of other deposits

Finance income and hibah:

Financing and advances	2,951,801	1,343,903
Securities available-for-sale	214,500	386,019
Securities held-to-maturity	97,601	-
Money at call and deposit with financial institutions	4,731,844	6,269,137
	7,995,746	7,999,060
Amortisation of premium less accretion of discount	90,036	4,662
	8,085,782	8,003,721

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**NOTES TO FINANCIAL STATEMENTS
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-PART A – EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS (BNM GP8-I) ISSUED BY BANK NEGARA MALAYSIA
12. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Period Ended <u>31.03.2009</u> RM	Period Ended <u>31.03.2008</u> RM
<u>Finance income and hibah:</u>		
Financing and advances	938,318	570,269
Securities available-for-sale	68,185	163,803
Securities held-to-maturity	31,025	-
Money at call and deposit with financial institutions	<u>1,504,158</u>	2,660,231
	<u>2,541,686</u>	3,394,302
Amortisation of premium less accretion of discount	<u>28,621</u>	1,978
Total finance income and hibah	<u>2,570,307</u>	3,396,281
Other operating income (note a)	<u>2,439,210</u>	1,242,961
	<u><u>5,009,517</u></u>	<u>4,639,242</u>
a) Fee income :		
Commission	563,594	-
Service charges and fees	2,031,606	1,242,939
Other fee income	<u>(155,990)</u>	23
Total other operating income	<u>2,439,210</u>	1,242,961

13. ALLOWANCES FOR LOSSES ON FINANCING AND ADVANCES

	Period Ended <u>31.03.2009</u> RM	Period Ended <u>31.03.2008</u> RM
Allowance for bad and doubtful financing:		
General allowance		
- Made during the financial year/period	<u>613,000</u>	1,167,000

14. INCOME ATTRIBUTABLE TO DEPOSITORS

	Period Ended <u>31.03.2009</u> RM	Period Ended <u>31.03.2008</u> RM
Deposits from customers:		
- Mudharabah funds	5,237,902	5,449,446
- Non-mudharabah funds	-	-
Deposits and placements of banks and other financial institutions:		
- Mudharabah funds	780,458	1,348,588
- Non-mudharabah funds	<u>762,471</u>	637,445
	<u>6,780,831</u>	7,435,478

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NOTES TO FINANCIAL STATEMENTS

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15. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to customers. No material losses are anticipated as a result of this transaction, which needs to be adjusted.

Risk weighted exposures of the Bank are as follows:

	31.03.2009			31.12.2008		
	<u>Principal Amount</u> RM	<u>Credit Equivalent Amount*</u> RM	<u>Risk Weighted Amount</u> RM	<u>Principal Amount</u> RM	<u>Credit Equivalent Amount*</u> RM	<u>Risk Weighted Amount</u> RM
Transaction-related contingent items	20,232,900	10,116,450	9,816,450	15,977,000	7,988,500	7,688,000
Short-term self-liquidating trade-related contingencies	-	-	-	-	-	-
Obligations under underwriting agreements	-	-	-	-	-	-
Housing financing sold directly and indirectly to Cagamas with recourse	-	-	-	-	-	-
Irrevocable commitments to extend credit:						
- one year or less	29,207,612	-	-	-	-	-
- over one year to five years	62,023,445	-	-	82,702,000	41,350,500	41,351,000
- over five years	37,428,914	-	-	25,709,000	12,855,000	3,251,000
Foreign exchange related contracts						
- one year or less	65,539,700	1,750,100	1,031,500	53,945,000	1,754,000	351,000
Total	214,432,571	11,866,550	10,847,950	178,333,000	63,948,000	52,641,000

* The credit equivalent amount is arrived at using credit conversion factors as per Bank Negara Malaysia's guidelines.

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16. PROFIT RATE RISK

The table below summarises the Bank's exposure to profit rate risk. The assets and liabilities at carrying amount are categorised by the earlier of contractual repricing or maturity dates.

31.03.2009	← Non-Trading Book →						Trading book	Total	Effective profit rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-profit sensitive			
	RM	RM	RM	RM	RM	RM	RM	RM	%
Assets									
Cash and short term funds	17,301	-	-	-	-	1,101,334,352	-	1,101,351,653	2.44
Deposits and placements with financial institutions	-	30,000,000	-	-	-	-	-	30,000,000	3.61
Securities available-for-sale	-	-	-	26,632,073	38,387,600	-	-	65,019,673	4.32
Securities held-to-maturity	-	-	-	17,876,680	-	-	-	17,876,680	2.96
Financing and advances									
- performing	30,040,809	4,867,786	99,023,412	56,453,992	115,976,542	(8,578,782)	-	297,783,759	4.73
- non-performing*	2,002,321	-	-	-	-	(1,960,060)	-	42,261	-
Other assets	-	-	-	-	-	6,497,851	-	6,497,851	-
Deferred taxation assets	-	-	-	-	-	8,840,295	-	8,840,295	-
Property, plant and equipment	-	-	-	-	-	5,485,746	-	5,485,746	-
Intangible assets	-	-	-	-	-	10,992,737	-	10,992,737	-
Total assets	32,060,431	34,867,786	99,023,412	100,962,745	154,364,142	1,122,612,139	-	1,543,890,655	

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-PART A – EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS (BNM GP8-I) ISSUED BY BANK NEGARA MALAYSIA

16. PROFIT RATE RISK (CONTINUED)

	← Non-Trading Book →						Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years					
31.03.2009	RM	RM	RM	RM	RM	RM	RM	RM	%	
Liabilities										
Deposits from customers	661,613,185	174,366,368	22,540,949	2,376,366	-	-	-	860,896,869	2.62	
Deposits and placements of banks and other financial institutions	244,011,444	109,146,241	500,000	-	-	-	-	353,657,685	2.02	
Bills and acceptances payable	-	-	-	-	-	-	-	-	-	
Taxation and zakat	-	-	-	-	-	-	-	-	-	
Other liabilities	-	-	-	-	-	7,399,265	-	7,399,265	-	
Total liabilities	905,624,629	283,512,609	23,040,949	2,376,366	-	7,399,265	-	1,221,953,819		
Total shareholders equity	-	-	-	-	321,936,836	-	-	321,936,836		
	905,624,629	283,512,609	23,040,949	2,376,366	321,936,836	7,399,265	-	1,543,890,655		
Total profit-sensitivity gap	(873,564,197)	(248,644,823)	75,982,463	98,586,379	(167,572,694)	1,115,212,872	-	-		

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-PART A – EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS

(BNM GP8-I) ISSUED BY BANK NEGARA MALAYSIA

16. PROFIT RATE RISK (CONTINUED)

31.12.2008	Non-Trading Book							Total	Effective profit rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-profit sensitive	Trading book		
	RM	RM	RM	RM	RM	RM	RM	RM	%
Assets									
Cash and short term funds	1,422,220,000	-	-	-	-	8,477,127	-	1,430,697,127	3.53
Deposits and placements with financial institutions	-	-	-	-	-	-	-	-	-
Securities available-for-sale	-	-	-	23,584,322	37,876,835	-	-	61,461,157	5.35
Securities held-to-maturity	-	-	-	16,875,260	-	-	-	16,875,260	3.99
Financing and advances									
- performing	69,787,168	33,100,795	22,177,469	47,036,812	85,649,005	(9,925,843)	-	247,825,406	5.46
- non-performing	-	-	-	-	-	2,002,321	-	2,002,321	-
Other assets	-	-	-	-	-	39,097,494	-	39,097,494	-
Deferred taxation assets	-	-	-	-	-	9,756,257	-	9,756,257	-
Property, plant and equipment	-	-	-	-	-	5,349,243	-	5,349,243	-
Intangible assets	-	-	-	-	-	11,561,849	-	11,561,849	-
Total assets	1,492,007,168	33,100,795	22,177,469	87,496,394	123,525,840	66,318,448	-	1,824,626,114	

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16. PROFIT RATE RISK (CONTINUED)

31.12.2008	← Non-Trading Book →						Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years					
	RM	RM	RM	RM	RM	RM	RM	RM	%	
<u>Liabilities</u>										
Deposits from customers	845,796,483	108,206,645	10,303,908	3,800,000	-	-	-	968,107,036	3.73	
Deposits and placements of banks and other financial institutions	419,610,235	103,909,100	1,120,820	-	-	-	-	524,640,155	3.64	
Bills and acceptances payable	-	-	-	-	-	-	-	-	-	
Taxation and zakat	-	-	-	-	-	-	-	-	-	
Other liabilities	-	-	-	-	-	7,837,469	-	7,837,469	-	
Total liabilities	1,265,406,718	212,115,745	11,424,728	3,800,000	-	7,837,469	-	1,500,584,660		
Total shareholders equity	-	-	-	-	324,041,454	-	-	324,041,454		
	1,265,406,718	212,115,745	11,424,728	3,800,000	324,041,454	7,837,469	-	1,824,626,114		
Total profit-sensitivity gap	226,600,450	(179,014,950)	10,752,741	83,696,394	(200,515,614)	58,480,979	-	-		

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17. CAPITAL ADEQUACY

	<u>31.03.2009</u>
	RM
<u>Tier I Capital</u>	
Paid-up ordinary share capital	355,020,010
Accumulated losses	<u>(26,346,989)</u>
	328,673,021
Less :	
Deferred tax assets	<u>(8,840,295)</u>
Total Tier I capital	<u>319,832,726</u>
<u>Tier II Capital</u>	
General allowance for bad and doubtful financing	<u>8,578,782</u>
Total Tier II capital	<u>8,578,782</u>
Total capital base	<u><u>328,411,508</u></u>
<u>Capital ratios</u>	
Inclusive of market risk :	
Core capital ratio (inclusive of market risk)	96.97%
Risk-weighted capital ratio (inclusive of market risk)	<u>99.57%</u>

The capital ratios have been computed in accordance with Capital Adequacy Framework for Islamic Bank (CAFIB).

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-PART A – EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS (BNM GP8-I) ISSUED BY BANK NEGARA MALAYSIA

17. CAPITAL ADEQUACY (CONTINUED)

31.03.2009

Exposure Class	<u>Gross Exposures</u> RM'000	<u>Net Exposures</u> RM'000	<u>Risk Weighted Assets</u> RM'000	<u>Risk Weighted Assets Absorbed by PSIA</u> RM'000	<u>Total Risk Weighted Assets after effects of PSIA</u> RM'000	<u>Capital Requirements</u> RM'000
<u>Credit Risk</u>						
<i>On-Balance Sheet Exposures</i>						
Corporates	376,533	376,533	268,178	-	268,178	21,454
Regulatory Retail	12,766	12,766	9,575	-	9,575	766
Total for On-Balance Sheet Exposures	389,299	389,299	277,753	-	277,753	22,220
<i>Off-Balance Sheet Exposures</i>						
Off balance sheet exposures other than OTC derivatives or credit derivatives	214,433	11,867	10,848	-	10,848	868
Total for Off-Balance Sheet Exposures	214,433	11,867	10,848	-	10,848	868
Total On and Off-Balance Sheet Exposures	603,732	401,166	288,601	-	288,601	23,088
<u>Market Risk</u>						
	Long Position	Short Position				
Interest Rate Risk	-	-	-	-	-	-
Foreign Currency Risk	15,516	(13,166)	(28,682)	15,516	15,516	1,241
Operational Risk	-	-	-	25,718	25,718	2,057
Total RWA and Capital Requirements	619,248	(13,166)	372,484	329,835	329,835	26,386

Disclosures on Risk Weights – Expressed in nearest RM thousand (RM'000)

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-PART A – EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS
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17. CAPITAL ADEQUACY (CONTINUED)

31.03.2009

Exposures after Netting and Credit Risk Mitigation

	Banks, MDBs and FDIs		Insurance Companies, Securities Firms & Fund Managers		Corporates		Regulatory Retail		Total Exposure	Total Risk Weighted Assets
	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Exposures after Netting & CRM
Performing Exposures										
0%	-	-	300	-	9,919	-	-	-	10,219	-
20%	898	180	-	-	104,212	20,842	-	-	105,110	21,022
50%	-	-	-	-	30,092	15,046	-	-	30,092	15,046
75%	-	-	-	-	-	-	12,766	9,575	12,766	9,575
100%	-	-	-	-	242,937	242,937	-	-	242,937	242,937
Total	898	180	300	-	387,160	278,825	12,766	9,575	401,124	288,580
Defaulted Exposures										
50%	-	-	-	-	42	21	-	-	42	21
Total	-	-	-	-	42	21	-	-	42	21
Total Performing and Defaulted	898	180	300	-	387,202	278,846	12,766	9,575	401,166	288,601

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-PART A – EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS (BNM GP8-I) ISSUED BY BANK NEGARA MALAYSIA

17. CAPITAL ADEQUACY (CONTINUED)

	<u>31.12.2008</u>
	RM
<u>Tier I Capital</u>	
Paid-up ordinary share capital	355,020,010
Accumulated losses	(24,049,406)
	<u>330,970,604</u>
Less :	
Deferred tax assets	(9,756,257)
Total Tier I capital	<u>321,214,347</u>
<u>Tier II Capital</u>	
General allowance for bad and doubtful financing	7,965,782
Total Tier II capital	<u>7,965,782</u>
Total capital base	<u><u>329,180,129</u></u>
<u>Capital ratios</u>	
Inclusive of market risk :	
Core capital ratio (inclusive of market risk)	92.13%
Risk-weighted capital ratio (inclusive of market risk)	<u>94.41%</u>

The capital ratios have been computed in accordance with Capital Adequacy Framework for Islamic Bank (CAFIB).

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-PART A – EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS

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17. CAPITAL ADEQUACY (CONTINUED)

31.12.08

Exposure Class	<u>Gross Exposures</u> RM'000	<u>Net Exposures</u> RM'000	<u>Risk Weighted Assets</u> RM'000	<u>Risk Weighted Assets Absorbed by PSIA</u> RM'000	<u>Total Risk Weighted Assets after effects of PSIA</u> RM'000	<u>Capital Requirements</u> RM'000
<u>Credit Risk</u>						
<i>On-Balance Sheet Exposures</i>						
Corporates	324,049	324,049	225,058	-	225,058	18,005
Regulatory Retail	12,067	12,067	9,050	-	9,050	724
Total for On-Balance Sheet Exposures	336,116	336,116	234,108	-	234,108	18,729
<i>Off-Balance Sheet Exposures</i>						
Off balance sheet exposures other than OTC derivatives or credit derivatives	178,333	63,948	52,641	-	52,641	4,211
Total for Off-Balance Sheet Exposures	178,333	63,948	52,641	-	52,641	4,211
Total On and Off-Balance Sheet Exposures	514,449	400,064	286,749	-	286,749	22,940
<u>Market Risk</u>						
	Long Position	Short Position				
Interest Rate Risk	1,483,681	1,491,639	7,958	15,726	-	15,726
Foreign Currency Risk	1,094	(13,166)	(14,260)	13,163	-	13,163
Operational Risk	-	-	-	33,015	-	33,015
Total RWA and Capital Requirements	-	-	-	348,653	-	348,653

Disclosures on Risk Weights – Expressed in nearest RM thousand (RM'000)

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-PART A – EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS (BNM GP8-I) ISSUED BY BANK NEGARA MALAYSIA

17. CAPITAL ADEQUACY (CONTINUED)

31.12.08

Exposures after Netting and Credit Risk Mitigation

Risk Weights	Banks, MDBs and FDI's		Insurance Companies, Securities Firms & Fund Managers		Corporates		Regulatory Retail		Total Exposure	Total Risk Weighted Assets
	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Exposures after Netting & CRM
Performing Exposures										
0%	-	-	300	-	10,314	-	-	-	10,614	-
20%	1,754	351	-	-	104,012	20,802	-	-	105,766	21,153
50%	-	-	-	-	30,100	15,050	-	-	30,100	15,050
75%	-	-	-	-	-	-	12,067	9,050	12,067	9,050
100%	-	-	-	-	241,475	241,475	-	-	241,475	241,475
Total	1,754	351	300	-	385,901	277,327	12,067	9,050	400,022	286,728
Defaulted Exposures										
50%	-	-	-	-	42	21	-	-	42	21
Total	-	-	-	-	42	21	-	-	42	21
Total Performing and Defaulted	1,754	351	300	-	385,943	277,348	12,067	9,050	400,064	286,749

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FOR QUARTER ENDED 31 MARCH 2009

--PART B – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 (“FRS134”) ISSUED BY MALAYSIAN ACCOUNTING STANDARDS BOARD

18. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the period ended 31 March 2009 have been prepared in accordance with FRS 134 : Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), Guidelines on Financial Reporting for Licensed Islamic Banks (“BNM/GP8-I”) issued by Bank Negara Malaysia (BNM) and comply with the provisions of the Companies Act, 1965 as well as the principles of Shariah.

The interim financial statements should be read in conjunction with the financial statements ended 31 December 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the year ended 31 December 2008.

19. ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the financial statements ended 31 December 2008.

20. AUDIT REPORT ON PRECEEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report on the financial statements for the financial year ended 31 December 2008 was not qualified.

21. SEASONAL OR CYCLICAL FACTORS AFFECTING OPERATIONS

The operations of the Bank were not materially affected by any seasonal or cyclical factors during the financial period ended 31 March 2009.

22. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no items of unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows of the Bank during the financial period ended 31 March 2009.

23. CHANGES IN ESTIMATES

There were no changes to the estimates of amounts reported in interim periods in previous financial year that have a material effect in the financial period ended 31 March 2009.

24. DEBT AND EQUITY SECURITIES

There were no issuances, cancellation, repurchases, resale or repayments of debt and equity securities during the financial period ended 31 March 2009.

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--PART B – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 (“FRS134”) ISSUED BY MALAYSIAN ACCOUNTING STANDARDS BOARD

25. DIVIDENDS PAID

There were no dividends paid during the financial period ended 31 March 2009.

26. SEGMENT INFORMATION

	Period ended 31.03.2009			Financial year ended 31.12.2008		
	Operating Revenue	Profit/(Loss) Before Tax Expense	Total Assets	Operating Revenue	Profit/(Loss) Before Tax Expense	Total Assets
	RM	RM	RM	RM	RM	RM
Domestic banking	6,525,146	2,071,068	297,826,020	10,576,270	(11,884,514)	254,597,522
Investment and International banking	7,037,255	1,617,197	1,214,248,005	44,637,469	14,479,290	1,510,623,476
Asset Management	-	(141,493)	-	-	(168,688)	-
Others*	654	(6,114,500)	31,816,630	15,119	(22,954,953)	59,405,116
	13,563,055	(2,567,728)	1,543,890,655	55,228,858	(20,528,865)	1,824,626,114

*Others comprise of Business Support and Independent Support Units

27. VALUATION OF PROPERTY & EQUIPMENT

The property & equipment are stated at cost less accumulated depreciation and impairment losses. There were no changes in the valuation of property & equipment brought forward from previous audited financial statements for the financial year ended 31 December 2008.

28. SUBSEQUENT EVENTS

There were no material events subsequent to the end of current interim period that requires disclosure or adjustments to the unaudited condensed interim financial statements.